

RESOLUTION 2022-04-10

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING CITY COUNCIL APPROVAL OF A RECAPTURED ENHANCED VALUE GRANT (“REV”) FROM THE COMBINED NORTHBANK CRA IN ACCORDANCE WITH THE TERMS SET FORTH IN EXHIBIT ‘A’ ATTACHED HERETO, FOR FINCANTIERI MARINE REPAIR LLC; AUTHORIZING THE CHIEF EXECUTIVE OFFICER (THE “CEO”) TO NEGOTIATE A REDEVELOPMENT AGREEMENT REGARDING THE SAME BETWEEN THE CITY OF JACKSONVILLE, DOWNTOWN INVESTMENT AUTHORITY, AND FINCANTIERI MARINE REPAIR LLC; AUTHORIZING THE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO EXECUTE SUCH AGREEMENT; PROVIDING AN EFFECTIVE DATE.

WHEREAS, a QTI incentive, and the contemplation of a REV grant as described herein, were integral to the decision of Fincantieri Marine Repair LLC (the “Applicant”) in choosing Jacksonville as the site to expand its operations and to establish its newest location; and

WHEREAS, the COJ Office of Economic Development processed the QTI application and filed legislation regarding the QTI incentive which was adopted by City Council in 2020 prior to the pending expiration of the state QTI program; and

WHEREAS, the Applicant has entered into a long-term commercial lease of approximately 31 acres in the Working Waterfront District within the Combined Northbank CRA of Downtown Jacksonville and proposes to redevelop the property for the purpose of expanding its international and North American shipbuilding and repair business; and

WHEREAS, the Applicant is proposing to expend approximately \$30,000,000 on improvements, upgrades, and installation of new equipment at the leased property that will increase the county ad valorem property taxes and tangible personal property taxes over the useful life of the assets; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 55.108 of the City Ordinance Code, and the adopted BID Plan, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area, to support private capital investment therein, and to support the creation of new jobs within Downtown; and

WHEREAS, DIA is proposing a COJ Recapture Enhanced Value Grant, in the amount of \$1,500,000, in accordance with the terms set forth in Exhibit ‘A’ attached hereto; and

WHEREAS, the REV Grant annual payments will be funded through the Northside Tax Increment Finance District Trust Fund; and

WHEREAS, the DIA Board considered the Applicant's request, in the context of the Tiers Approach as found in the DIA BID Strategy and found the request meets each of the criteria defined therein; and

WHEREAS, the DIA finds that this Resolution furthers the following Redevelopment Goals and Strategic Objectives and Benchmarks found in the BID Plan:

Redevelopment Goal No. 1 – Reinforce Downtown as the City's unique epicenter for business, history, culture, education, and entertainment.

Strategic Objectives met or Benchmark contributions:

- Increase the opportunities for Downtown employment.
- Number of Jobs
- Number of Business Establishments
- Tax Value and Impact to TIF and Future Projections
- Annual Private Capital Investments

Redevelopment Goal No. 3 – Simplify the approval process for downtown development and improve departmental and agency coordination.

Strategic Objectives met or Benchmark contributions:

- Initiate public/private partnerships.
- Tax Value and Impact to TIF and Future Projections
- Annual Private Capital Investments

WHEREAS, the DIA Board, therefore, recommends approval of a Recaptured Enhanced Value Grant in the amount of \$1,500,000 in accordance with the terms set forth in Exhibit 'A' attached hereto to help support the commercial growth occurring in the Working Waterfront of Downtown Jacksonville.

NOW, THEREFORE, BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to initiate legislation for approval by City Council of a Redevelopment Agreement, or functional equivalents in accordance with the purposes of this Resolution.

Section 3. The DIA Board hereby authorizes the CEO of the Downtown Investment Authority to take all action necessary to effectuate the purposes of this Resolution, including the execution of a Redevelopment Agreement, or functional equivalents, providing that such actions incorporate, at a minimum, the terms and conditions contained in Exhibit 'A' to this Resolution 2022-04-10.

Section 4. This Resolution, 2022-04-10, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY





Carol Worsham, Vice Chair



Date

VOTE: In Favor: 4 Opposed: 2 Abstained: 0

Exhibit A:

**DIA RECAPTURED ENHANCED VALUE GRANT
TERM SHEET**

Fincantieri Marine Repair LLC

Developer/Applicant: The applicant, Fincantieri Marine Repair LLC (“Fincantieri,” “Applicant,” or “Tenant”), is a subsidiary of Fincantieri Marine Systems North America under the parent organization, The Applicant has established a location in Jacksonville Florida through a long-term lease from Commodore Point Properties, Ltd. (“Property Owner”) of approximately 31 acres at 2060 E. Adams St. in the Working Waterfront District of Downtown Jacksonville.

Project: Applicant is expected to spend approximately \$30 million on improvements to the leased property and will ultimately be conducting repair and maintenance operations on ships and large vessels at the site. Per the terms of the NNN lease, the Applicant is responsible for incremental property taxes incurred on the leased property for increases in the value of the leased property above a level not yet established but estimated at \$5,458,300 (“Minimum Property Value”).

Total Development Costs (estimate): \$29,067,799

DIA Funding:

Not more than **\$1,500,000** through the City of Jacksonville Downtown Investment Authority as the Northbank CRA, as follows:

REV Grant: The Developer is requesting a REV Grant equal to 50% of the City of Jacksonville portion of the estimated incremental ad valorem taxes generated by the project for a period of 10 years above the Minimum Property Value, as established in the lease and approved by the DIA. The total REV grant indebtedness will not exceed \$1,500,000.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated with this proposal.

Land: No City of Jacksonville land is committed to the project.

Minimum Property Value Increase per the Duval County Property Appraiser:

- Eligibility for funding under the DIA REV Grant is contingent upon the Minimum Property Value, as established in the lease, increasing by \$5,000,000 or greater per the Duval County Property Appraiser in its annual assessment.

Additional Commitments:

- REV Grant payments will be paid annually beginning in any year of eligibility, but such first tax year shall not be later than 2025 (with REV Grant payment made in 2026).
- The payment period will commence with the submission of the first REV payment request and will continue uninterrupted for ten consecutive years thereafter.
- REV Reimbursement shall be made only from increases realized in the City of Jacksonville portion of the ad valorem taxes collected in any eligible tax year.
- Applicant must be in continuous operation at the subject site, subject to force majeure, to be eligible for REV Grant payments for any given tax year.
- The final Minimum Property Value must be established with the Property Owner/Landlord prior to filing the legislation for final approval with the City of Jacksonville City Council.

This Term Sheet is limited by the following conditions:

There will be additional terms, conditions, rights, responsibilities, warranties, and obligations for both parties shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).

Note for information purposes only: The City of Jacksonville has previously approved the following incentive for this project:

Not more than **\$300,000** through the City of Jacksonville as administered by the Office of Economic Development, as follows:

Fincantieri was approved in May 2020 under ordinance 2020-0241 for up to \$300,000 from the City for Qualified Target Industry (QTI) funding in conjunction with State of Florida QTI, which may not exceed \$1,500,000 on a combined basis.